

2021 ANNUAL REPORT





LETTER FROM THE CHAIR

Through-out 2021, the pandemic continued to be the major challenge for CHEC and its members as they strived to provide their essential service. During 2021, CHEC supported its members on vital COVID-19 pandemic related issues such as vaccination policies and return to work processes.

Research and the sharing of ideas leveraged the strength of CHEC and eased the challenges of individual members. Regular support work continued during 2021 with major projects such as the successful IT Hosting migration and the updating of the Conditions of Service.

The normalization of virtual meetings has allowed CHEC to increase its involvement and visibility of the organization within the electrical distribution industry. CHEC held quarterly meetings between the CEOs and the senior staff of the Ontario Energy Board, participated in stakeholder sessions with the Ministry of Energy and contributed to the OEB Energy [X] Change program. Representatives of the association contributed to the Green Button Working Group that was determining how the program would be implemented, participated in the Broadband Expansion meetings, and were significantly involved in the Filing Requirements for Small Utilities Cost

of Service Applications initiative from the Ontario Energy Board, among others. CHEC's experience as a virtual organization helped its members adapt to the new reality. This increased involvement is critical in ensuring that the voices and perspectives of the smaller LDCs in Ontario are heard in the development and implementation of policies and programs.

I'd like to thank the staff for their dedication, our members for their continued involvement, and the other Board Directors for their guidance during these challenging times.

Tim Curtis
Chair, CHEC Board of Directors



MESSAGE FROM THE PRESIDENT

For several years now, the key theme of the CHEC annual reports has been the ability to adapt to and manage change. 2021 continued to follow that trajectory to such an extent that the theme for this year's report is change.

Nearly every aspect of the support and resources that CHEC provides is either informed by or driven by change. In the following pages, we explore the many ways in which CHEC staff and CHEC members have facilitated, anticipated, responded to, and contributed to change within their own organizations and the wider industry.

These activities included a new Human Resources and Labour Relations portfolio, ongoing training throughout our portfolios, vetting of Health & Safety software programs, informing members on the changes around Distributed Energy Resources (DERs) and the Distribution System Code (DSC), updating the Conditions of Service documents, and helping members ensure their disconnection process met the DSC through the Disconnection Working Group.

Change will continue to be a driving force for our members, the association, and the wider industry. CHEC's foundation of pro-active and resourceful support can provide the support our members need regardless of what the future brings.

Thanks to the Board of Directors for their wisdom during a difficult year, the staff for their dedication and perseverance, and our members for their continued faith in the power of our collaborative association.



John Sherin
President, CHEC

WHO WE ARE

CHEC is a collaborative association of 15 Local Distribution Companies (LDCs) that has operated in the province of Ontario since 2000.

With a dedicated staff of six employees, we work with our members to deliver support across all areas of operation including Finance and Regulatory, Billing Systems and Customer Information Systems, Operations and Health and Safety, Human Resources and Labour Relations, Project Management, and Marketing and Communications. With a growing voice in the electricity distribution sector, CHEC is a strong advocate for its members and the experience of the smaller LDCs in the province.

VISION STATEMENT

To stand together as one, ensuring independent communities thrive today and in the future.

MISSION STATEMENT

We equip members with insights, expertise and shared resources to sustain safe, resilient communities in a changing world.



OUR MEMBERS



15

LDC Members

159,962

LDC Customers

2789

square kilometers
of service area

01

FACILITATING CHANGE



THERE ARE FEW AREAS OF THE ELECTRICAL DISTRIBUTION INDUSTRY THAT AREN'T CURRENTLY UNDERGOING SIGNIFICANT SHIFTS, whether it's the electrification of transport (and everything else), distributed energy resources, IT systems, or the increased need for customer engagement and communication. Throughout these areas, and many others, CHEC has proactively engaged with members and facilitated the necessary adaptations to change, whether it is through new software or adding new services to the association's portfolios.

IT HOSTING MIGRATION

In response to on-going support and performance issues experienced by members with an existing IT Hosting provider, CHEC along with its partner, Utility Collaborative Services provided project management for the successful transition of six members to a new billing and Customer Information System (CIS) provider. It was the culmination of a multiple month-long staged process with all six LDCs transitioned on time and on budget, with minimal disruption to their daily operations. It resulted in a reduced load on member staff and confidence in the process as CHEC delivered project management and technical support for the entire project, acted as the central contact and third-party vendor manager. Along with the relief of having the performance issues resolved, members realized significant annual cost savings following the completion of the project.

“The first quarter of 2022 the UCS members migrated to the ERTH hosting solution for our CIS. The project was well managed both by CHEC and ERTH, making the migration process smooth for the participating LDCs. The migration has been very successful, resulting in minimal downtime and excellent support services provided by the ERTH team.”

– Carrie Lawlor, Billing Coordinator,
Center Wellington Hydro



HUMAN RESOURCES AND LABOUR RELATIONS

In early 2021, CHEC initiated the development of a Human Resources and Labour Relations portfolio. A steering committee was developed as well as a working group, with two workshops delivered: The Role of Human Resources and Succession Planning. Support provided individually to members included navigating complaints, investigations, performance management, collective agreement interpretation, management rights and employment contracts. This resource has been critical to address the needs of members as they navigated the ever-changing workplace during the pandemic and the evolution of the larger workforce.

SOCIAL MEDIA CALENDARS

Communicating with customers and keeping them informed on the ever-changing world of electricity distribution and electrification has become an increasingly important area of customer engagement for LDCs. To support members in this area, CHEC provides a monthly social media calendar that includes posts, images and videos that cover topics across the full range of LDC and industry activity, including financial assistance, Customer Choice, DERs, unplanned outages, and communications required as part of government mandated regulations. As a shared resource, the calendar gives members

access to a full range of posts that they can use according to their own specific schedules and needs. This is a comprehensive resource tailored specifically to smaller LDCs in Ontario.

DERs AND THE PROPOSED AMENDMENTS TO THE DSC

The implementation of Distributed Energy Resources has the potential to significantly add to the requirements for generators to connect to the Local Distribution System. Changes were made to the Distribution System Code and to help members understand what the requirements were and how they might affect their operations, CHEC held several meetings on the proposed amendments. This allowed members to get ahead of the requirements in advance of the code coming into effect later in 2022.

HEALTH & SAFETY DIGITAL PLATFORMS

Adapting to change includes embracing the technology that is continually being developed. As part of its support in 2021, CHEC vetted and reviewed multiple Health and Safety Management software platforms to assist members in managing and tracking inspections, observations, incident reporting, training, safety meetings and any Health & Safety process within their utility that needed to be effectively monitored. The final program that is selected will be implemented by those members wishing to do so in 2022.

02

ANTICIPATING CHANGE



A BIG PART OF MANAGING CHANGE IS TO BE ABLE TO GET IN FRONT OF IT AND PROVIDE THE TRAINING AND SKILLS OUR MEMBERS NEED TO EFFECTIVELY RESPOND AND ADAPT TO CHANGES AS THEY OCCUR. As a forward-looking organization with its ear to the ground, CHEC provides the information and intelligence for our members to be informed and prepared as the industry continues to evolve.

ACCESS TO INDUSTRY EXPERTS

CHEC regularly brings in experts to educate and inform our CEOs and top-level managers on what is happening in the industry and how it effects LDCs. In 2021, presentations included legal experts discussing the Affiliate Relationship Code and Cybersecurity and the LDC, cybersecurity experts discussing Compliance in the MSP supported environment, and an HR expert addressing Succession Planning.

CONTINUOUS TRAINING

Collaborating on training reduces costs for members while ensuring courses are professionally delivered and educate staff on the changes and requirements within the industry. A sample of 2021 training courses includes Basic & Advanced Regulatory training, Leadership Training for Operations staff, Basics of Electricity and Electrical Safety Awareness I & II, Managing Customer Relationships, Effective Business Communication, Spring Safety Session, Privacy & Information Access Training, Small Modular Reactors- Clean Energy and the

Future, NorthStar product roadmap and strategies, and Advanced Transformer Infrastructure.

WORKING AT HEIGHTS CERTIFICATION

In 2021, the CHEC Health & Safety specialist completed Working at Heights Train the Trainer Certification from the Total Rescue Group of Companies. The staff member then delivered on-site Working at Heights training to our members throughout 2021.

“Rob [Bergeron] was knowledgeable in training and industry practices, very personable, and able to answer all questions as an instructor. It was great having that resource within the CHEC organization.”

– Michael Davison, Director,
Engineering and Operations, Lakefront Utilities

03

CONTRIBUTING TO CHANGE



PART OF SERVING OUR MEMBERS AND THE WIDER INDUSTRY, MEANS CONTRIBUTING TO THE CHANGES THAT ARE OCCURRING IN THE INDUSTRY BY HELPING TO GUIDE THOSE PROCESSES. CHEC has been actively involved in multiple committees and working groups that have been aimed at addressing the evolution of the industry or changing and streamlining processes.

REVIEW OF FILING REQUIREMENTS FOR SMALL UTILITIES

CHEC staff and representatives from CHEC members participated in the Consultation on Updates to Filing Requirements for Electricity Distribution Cost of Service Applications for Small Utilities. Through a detailed review of the process and substantial recommendations made through the working group, CHEC was able to provide relevant, much needed input on the Cost of Service Application process and how it could be made more efficient and streamlined to assist both CHEC members and the wider industry.

to our utilities requests during an application. Having other CHEC members as part of the working group was beneficial as we have similar pain points, staffing levels and concerns when achieving all the filing requirements. When you don't file an application regularly, being able to count on other CHEC utilities experiences, who have more recently filed, was greatly appreciated."

– Heather Dowling, Vice President and Treasurer, Centre Wellington Hydro

"Participating in the OEB's consultation on Updates to Filing Requirements for Small Utilities regarding Cost of Service Applications was a great opportunity to work with intervenors when it wasn't specific

ENGAGING THE ONTARIO ENERGY BOARD

Part of CHEC's continued engagement in shaping the industry and providing their unique perspective to governing bodies included quarterly meetings between member CEOs and the CEO of the Ontario Energy Board along with her senior staff. This gave CEOs direct access to decision makers within the organization and was an exceptional opportunity to clarify issues from the organization and provide feedback on challenges smaller utilities are facing.

“The CEO meetings with Susanna Zagar and the OEB senior team have a high signal-to-noise ratio. Being new to the industry, the meetings provide context and clarity regarding OEB modernization efforts. At the same time, it provides a forum to build relationships with my peers and our regulators. These components are essential in setting the direction of Rideau St. Lawrence Distribution for the benefit of our community.”

– Simon Wu, President & CEO,
Rideau St. Lawrence Distribution

INDUSTRY ENGAGEMENT

CHEC believes in being involved in the Ontario electrical industry and engaging with government and regulatory organizations on the current issues of the day. In 2021, CHEC participated in stakeholder meetings with the Ministry of Energy, the OEB Energy [X] Change, the Lighthouse Project Roundtable, Green Button Task Force and Industry-led Working Groups, updates to the Long-Term Energy Plan, Stakeholder Engagement Framework, Proposed Optional Enhanced Time-of-Use Price, Broadband Expansion, and the Ontario Electricity Rebate.

04

RESPONDING TO CHANGE



AS A HIGHLY REGULATED INDUSTRY, THERE ARE CONTINUALLY CHANGING REQUIREMENTS AND REGULATIONS THAT MUST BE MET WITHIN THE TIME FRAMES ESTABLISHED BY THE REGULATORY BODIES including the Ontario Energy Board, the Ministry of Energy, and the Independent Electricity System Operator. As one of its core services, CHEC informs and assists members with meeting these requirements in a timely, efficient manner.

CONDITIONS OF SERVICE UPDATES

As part of the need for members to update their Conditions of Service documents, CHEC formed a joint Operations and Finance & Regulatory working group to update the documents that were then shared with members for their use. This shared resource significantly reduced the effort on a mandatory, time intensive task.

GREEN BUTTON IMPLEMENTATION

Green Button is a data standard that provides residential and business customers with more choice in how they access their electricity or natural gas usage data. This is a major initiative required by the Ministry of Energy with an implementation date of November 1, 2023. Through its Green Button All-Member Working Group, CHEC has educated members on the requirements, led the vetting and evaluation of third-party vendors, facilitated collaboration within members to save costs, and planned the implementation. This has resulted in

cost savings for members along with the assurance of knowing that the project will be guided by the experience and knowledge of the extended group.

“InnPower has been working with the CHEC Green Button working group since July 2021. The collaboration among members has been very beneficial and the CHEC team has done a great job of providing updates as this regulation timeline progresses. CHEC recently completed a vendor RFQ which was well organized and a huge benefit to members with potential cost savings synergies. Many thanks to CHEC for driving this train to keep members on the Green Button rails.”

– Shannon Brown, Corporate Services Advisor,
InnPower



CEAP & CEAP AMENDMENTS

The implementation of the Covid Emergency Assistance Plan (CEAP) and its amendments throughout the pandemic was an important and significant challenge for LDC staff who were already overloaded during the lockdown. CHEC assisted in keeping members up to date on the required changes to their billing systems including the applications, the changing timelines, informing customers of the program's benefits, and ensuring funds were properly allocated.

process, and collectively work towards a solution that benefits both the utility and the customer as well as satisfying all the requirements of the energy regulator. The tools and materials created by the working group truly emphasizes what can be achieved through collaboration"

– Richard Bucknall, Manager of Customer Service & Regulatory Affairs, Wellington North Power

DISCONNECTION PROCESS WORKING GROUP

With multiple Ontario LDCs having been issued Assurance of Voluntary Compliances by the OEB, the Disconnection Working group was formed to develop resources to ensure members were accurately following the requirements of the Distribution System Code, both in the implementation of a calendar tool to ascertain the appropriate dates for the disconnection process, and templates for the various communications that LDCs are required to send to customers. It was an intense and successful working group that continues to meet regularly to ensure that their disconnections processes continue to meet the regulatory requirements.

"Participating on the CHEC Disconnection Working Group provided a great opportunity to meet LDC members, listen to their concerns about the disconnection

2021 – 2024 CONSERVATION AND DEMAND MANAGEMENT (CDM) FRAMEWORK & EXTENSION

The wind-down of the CDM Framework was significantly affected by the COVID-19 pandemic with dates having to be extended and customers having to be transitioned to the new portal with the IESO. With many members having released their CDM staff, or assigned them to other duties, CHEC helped members navigate the extended status of the Framework and kept them up to date on the changing requirements.

COVID VACCINATION POLICY

To help members determine their COVID-19 vaccination policies, CHEC hosted a joint Health & Safety and Human Resources meeting to discuss member options. Materials distributed following the meeting included an example of a draft policy to help guide conversation, links to legislation, public health units, and other resources to assist utilities in the development of their own policies.

THE FUTURE

CONSTANT CHANGE HAS BECOME THE NORM WITHIN THE ELECTRICAL DISTRIBUTION INDUSTRY AND IS UNLIKELY TO ABATE with Electrification, Distributed Energy Resources, the Smart Grid, Electric Vehicles, and the modernization of the Ontario Energy Board gaining momentum every day. The pace of change is likely to increase as these initiatives evolve and customers, LDCs, and regulators adapt to the changed electrical world. CHEC will continue to support its members through a pro-active, adaptable organization, and to advocate on behalf of its members to ensure the voice and perspective of the smaller LDCs in the province is heard.



Visit us at checenergy.ca

